

Ganado Telephone Company, Inc.

Local Exchange Carrier - Fiber Optic Transport - GTE Mobile Cellular Agent - Direct TV Agent

Monday, July 20th, 1994

William F. Caton
Secretary
Federal Communications Commission
1919 M St., NW, Rm. 822
Washington, DC 20554

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Dear Secretary Caton:

I am writing this letter in support of the comments of the National Rural Telecommunications Cooperative (NRTC) in the matter of Implementation of Section 19 of the Cable Act of 1992, Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, CS Docket No. 94-48.

Our company has been providing local telephone service for over 40 years. We have also aligned ourselves with the NRTC to be a distributor of the DIRECTV™ direct broadcast satellite (DBS) television service. Our company is directly involved in bringing satellite television to rural customers.

After the passage of the 1992 Cable Act, we thought we would be on a level playing field with all video service providers to secure programming our customers asked for. Lately, our ability to compete in our own local marketplace is being hampered by our lack of access to programming owned by Time Warner and Viacom.

These programmers have selected to make their programming available to *only* our principal competitor, the United States Satellite Broadcasting Company (USSB) as the result of an "exclusive" contract signed between USSB and Time Warner Viacom. This means that in order for a customer to have access to services such as HBO, Showtime, Cinemax, The Movie Channel, MTV, Nickelodeon and others, they *must* deal with USSB.

When DIRECTV™ pursued programming contracts, we signed no contracts that were exclusive in nature, leaving USSB free to obtain distribution rights for any of the channels available on DIRECTV.

Mr. Caton, our company agrees with the NRTC that these exclusive contracts are

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not at all what the 1992 Cable Act intended, and in our opinion are quite the contrary. I believe that the Act prohibits any arrangement that prevents any distributor from gaining access to programming to serve non-cabled areas. In order for any of our customers to gain access to premium movie services, they must purchase a second subscription to the USSB service. This not only hinders effective competition, but also keeps the price of the Time Warner/Viacom channels unnecessarily high. It also increases customer confusion at the retail level.

The lack of the Time Warner/Viacom channels has also hurt our ability to compete against a brand new wireless television broadcaster in our area. Upon learning that I can not offer HBO or Showtime for example, many customers have opted to purchase older technology with a fewer number of channels but a more "complete" programming package. These folks just don't understand why I can't make these channels available to them, and honestly, neither can I.

We believe very strongly that the 1992 Cable Act flatly prohibits any exclusive arrangements that prevent any distributor from gaining access to cable programming to serve non-cabled areas. That is why we supported the Tauzin Amendment, embodied in Section 19 of the Act.

We are asking the FCC to remedy these problems and put us on even ground with other programming distributors. Only then, we believe, the effective competition requirements of Section 19 can become a reality in rural America. I strongly urge you to banish the type of exclusionary arrangements represented by the USSB/Time Warner/Viacom deal.

Thank you for your consideration in the matter.

Sincerely,



Bill Rakowitz
Assistant Manager
Ganado Telephone Company

cc: The Hon. Representative Greg Laughlin
The Hon. Senator Phil Gramm
The Hon. Senator Kay Bailey Hutchinson
The Hon. Reed Hundt
The Hon. James H. Quello
The Hon. Andrew C. Barrett
The Hon. Susan Ness
The Hon. Rachelle B. Chong
William F. Caton, Secretary